



# Discussion and Action on the City Code to Align with Charter

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**Presented by:**

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# Cash Reserve History

- **Municipal Code**
  - Historical fixed amount (\$16,000,000)
  - Growth impact not provided for
- **Charter amendment**
  - May 2013, voters passed amendment
  - Provides for 5% (amount can grow with budget)
- **Alignment options**
  - Mirror language in both
  - Remove conflicting Code reference



# Charter Language

- **A cash reserve fund in the general operating fund of the City shall be maintained in an amount no less than 5% of the prior year's adopted general fund operating expenditure budget.**
- **And**
  - **Follow GASB reporting rules**
  - **Invest in accordance with PFIA**
  - **Short term borrowing for no more than one year and approved by Council**
  - **Annual income shall be used for capital improvements**



# Revision to Municipal Code

## Section 3.36.010

- A. Each year an amount equal to ~~one~~ five percent of ~~all appropriations in the the prior year's adopted~~ general fund operating expenditure budget shall be appropriated for the purpose of creating a cash reserve fund; provided the funds are maintained and may be used in accordance with Section 7.4. of the City Charter.
  - ~~1. No such appropriation shall be made in any year, when, by so doing, the balance of the reserve fund would exceed twenty percent of the general fund budget for that year;~~
  - ~~2. The cash reserve created by such balance and subsequent appropriations shall not be used in any year except to reduce the short term borrowing that would otherwise be necessary.~~



# Revision to Municipal Code

## Section 3.36.010

- **B. The cash reserve fund must be maintained as a separate entity in accounting records. Additionally, the balance on deposit in the cash reserve fund must be invested in accordance with state guidelines and income from such investments will remain within the fund unless expended as permitted in Section 7.4 of the City Charter. ~~The requirement for a one percent annual contribution shall be offset by earnings of the fund.~~**
- ***C. No changes proposed.***



# Recommendation

- **Delete subsection A. from Code Section 3.36.010**
  - Subject matter is in Charter
  - Short term borrowing for no more than one year and approved by Council
  - Annual income shall be used for capital improvements
- **Update subsection B. from Code Section 3.36.010**
  - Permit expenditure of income in accord with Charter 7.4
  - Delete reference to one percent contribution
- **No change to subsection C.**



# Questions?